SENATE FISCAL AGENCY

NOTES ON THE BUDGET AND ECONOMY

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THE EFFECT OF SECURITY LEVEL ON PRISONER COSTS

By Karen Firestone, Fiscal Analyst

In fiscal year (FY) 2000-01, the Department of Corrections asked the Legislature to continue and expand two pilot programs addressing the increasing number of prisoners being assigned to administrative segregation and maximum security. The programs, which were funded for FY 2000-01 but will be eliminated due to budget reductions, were named Project RESTART and Project CHANGE. These two programs used two different methods to curtail prisoner behavioral problems that lead to incarceration in more costly, high security level prison beds: Project RESTART was a boot camp-style program and Project CHANGE used an emotional-behavioral model called cognitive restructuring. Each program required the addition of staff to grow from a pilot program to a fully operational program serving more prisoners, but promised savings with additional safety for staff, reduced need for administrative segregation beds, and the ability to move prisoners into cost-saving double-bunking due to the lower security rating.

These programs, initiated by the Department, demonstrate that costs for the Department grow not only due to prison population growth, but also as a result of the need to accommodate different security levels. In fact, two of the main factors in the average cost of incarceration include the security level of prisoners and the design of the facilities. This article looks at the security classification of prisoners, the relationship between security classification and prisoner costs, and where growth is occurring in the security levels of the prison population.

Prisoner Security Classification

The security classification scale goes from level I to level VI: security level I relates to minimum security while security level VI relates to very high security. According to departmental policy, a prisoner is screened to determine his or her *confinement level,* the amount of custody necessary to reduce the risk of escape, and his or her *management level*, the degree of custody necessary to maintain institutional order and security. The prisoner is then assigned a *true security level* which is the higher of the confinement level or the management level. The *actual placement level* may be higher or lower than the true security level in certain situations, including medical needs or lack of bed space. Parole eligibility and status and the crime of conviction also may affect the actual placement level of a prisoner. Prisoners may be further divided into categories including administrative segregation, mental health, or "other", such as new entries to prison, detention, or special protection. Separate categories are used for these prisoners, because they do not have a security classification or their status outweighs their security classification.

Correctional facilities can house prisoners of one security level or of many security levels, although the number of single security level facilities is waning. In facilities with multiple security levels, prisoners of different security levels are segregated from one another according to departmental policy. The policy, however, allows for certain exceptions to strict segregation including participation in academic or career and technical education programs, receiving health care services, attending certain meetings, or obtaining assistance in a legal writer program.

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A secure level I facility is defined in the policy as having a secure perimeter including double fences, concertina wire, a perimeter detection system, armed alert response vehicles on perimeter patrol, and controlled entry to the facility. Higher security level facilities are differentiated from lower security level facilities by the confinement conditions, such as the number of prisoners per cell, the number of hours a prisoner is allowed out of a cell or housing unit, and the number of corrections officers per prisoner, as well as the programming options available to the prisoner. In addition to secure correctional facilities, there are other facilities including prison camps with lower security requirements than those for a secure level I facility, a mental health prison operated by the Department of Community Health for prisoners with mental health disorders, and the youth correctional facility for youthful offenders convicted as adults.

Security Classification and Prisoner Costs

The average prisoner cost by security classification based on gross appropriation is shown in Table 1. This information reflects the gross appropriation per prisoner for facilities with single security level housing, or that primarily serve one security level. As stated above, most prisons in the State of Michigan are multilevel prisons and therefore are excluded from the straight security classification. Assuming that the multilevel prisons operate more efficiently than single security facilities do, then the security classification costs in the table are overstated. Also, a number of facilities primarily house one security level, but have one or two housing units for prisoners of different security levels. For example, the Ionia Maximum Correctional Facility (IMAX) is a security level VI prison, yet contains a housing unit with lower security level prisoners in the facility to provide for facility maintenance. When IMAX, which has primarily security level VI prisoners, is included in the calculation for average cost of security level V and VI prisons, the costs are diluted because of two factors: 1) the lower costs of a housing unit of medium security prisoners and 2) the decreased cost of facility maintenance that is achieved. The average costs provided in the table, however, are the best estimate of costs at the level of detail available. Better data would be produced only if the Department developed a cost accounting system that would capture costs by security level.

Table 1

Average Costs of Incarcerating a Prisoner for Each Security Classification Level Based on Gross Appropriation FY 1999-2000

Security Level	Annual Cost/Prisoner	Daily Cost/Prisoner
Level I	$16,584	$45
Level II	20,131	55
Level III	22,114	60
Level IV	34,732	95
Level V & VI	33,946	93
Multi-level	20,952	57

Source: Department of Corrections, "Average Costs by Type of Supervision, Gross Appropriation, FY 2000".

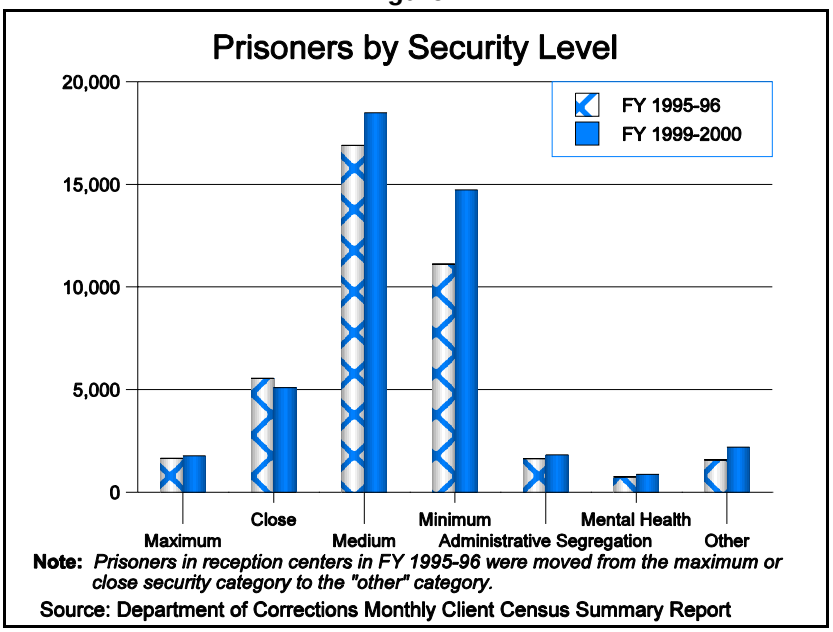
The reasons for cost differences based on security level include the number of corrections officers assigned per prisoner, the release time from the cell, and the number of prisoners housed together. While the ratio of corrections officers per prisoner is straightforward in regard to the cost of prison operations, the release time from the cell and the number of prisoners housed together may need some explanation. If a prisoner is in a higher level security classification or administrative segregation, for example, he or she is not allowed to go to a dining hall and meals are delivered to the prisoner. Putting a meal on a tray, transporting the tray to the cell, and throwing out any uneaten portion of the meal add to the cost of operations for the facility. Programs for prisoners on reduced out-of-cell time must go to the prisoner. Further, higher security prisoners are housed in individual cells resulting in fewer prisoners per housing unit and leading to a higher utility cost per prisoner. In addition, at IMAX, high security level prisoners have caused major damage to the cells including destruction of fixtures and plumbing. The appropriations for IMAX have increased to address repair of the damage, suggesting that higher security level

prisoners require higher appropriation levels.[1]

Prison Population Growth and Security Levels

On a monthly basis, the Department of Corrections reports the number of prisoners aggregated by security level. In this report, prisoners are designated not by a single security class, but rather by security categories. The categories in the report are maximum, close, medium, minimum, administrative segregation, mental health, and "other". Figure 1 shows the average annual number of prisoners included in each of these groups for FY 1995-96 and FY 1999-2000 and indicates that the majority of prisoners are rated either minimum or medium security. Over the five-year period shown in Figure 1, the number of prisoners in the minimum and medium security categories has increased, administrative segregation and mental health have stayed fairly constant, and maximum has increased sightly. It is difficult to evaluate close and other security levels, because some offenders who are now in the "other" category, such as detention or special protection prisoners, may have been housed in close security beds previously. Also, it is difficult to assess the impact of the overall prison population growth on the changes in security shown in Figure 1.

Figure 1



Note: *Prisoners in reception centers in FY 1995-96 were moved from the maximum or close security category to the "other" category.*

Source: Department of Corrections Monthly Client Census Summary Report

For FY 1995-96 and FY 1999-2000, Table 2 shows the growth of each security category and compares the categories with the growth of the prison population as a whole. The minimum security category and the "other" category have had the highest growth rate in the five-year period.[2] Given the average costs above, for each 1% increase in the minimum security category, costs will increase $2,450,000, and for each 1% increase in the maximum security category, costs will increase $600,000. To put this in perspective, 1% growth in the maximum security population is one-eighth the size of growth in the minimum security population, yet the cost for a 1% increase in the maximum security population is one-quarter, or double the population growth rate, of the cost of a 1% increase in the minimum security population.

[1] Cost differences that are generated by design rather than by security level include the efficiency of the utility system and the sight lines of the prison. In general, older prisons cost more to operate, because they are fuel inefficient or were built with blind corners, resulting in a higher complement of corrections officers needed to ensure the safety of the facility. In newer facility designs, corrections officers can supervise prisoners from a control room-like booth separated from the prisoners. Additionally, the location of the prison will cause differences in cost. For example, prisons in the Upper Peninsula have colder and longer winters than do those in the Lower Peninsula.

[2] Table 2 does not indicate whether the true security level has grown at the same pace as actual placement level has grown. The change in true security level is important to determine whether changes have taken place in the characteristics of the prison population in relation to the risk of escape and manageability. Changes in actual placement may reflect only the planned security level for newly constructed facilities and the availability of beds, because prisoners can be waived from their true security level based on bed space availability.

Table 2

Prisoner Security Levels as a Percentage of Total Population
FY 1995-96 and FY 1999-2000

Classification	FY 1995-96	FY 1999-2000	Population Growth (% Change)
Minimum	11,112	14,732	32.6%
Medium	16,904	18,483	9.3
Close	5,542	5,093	(8.1)
Maximum	1,651	1,772	7.3
Administrative Segregation	1,632	1,819	11.5
Mental Health	744	862	15.9
Other	1,565	2,188	39.8
Total Prison Population	39,150	44,949	14.8

Source: Department of Corrections Monthly Client Census Summary Report.

Note: *Prisoners in reception centers in FY 1995-96 were moved from the maximum or close security categories to the other category.*

Conclusion

Both the absolute number of prisoners in minimum security and the growth of the minimum security category surpass other security categories. The Department adopted programs to improve prisoner behavior and reduce prisoner security levels because, from average appropriations information disaggregated by security level, the more restricted a prisoner is, the higher the average costs of incarceration will be. By developing more rigorous cost accounting procedures that would allow the measurement of cost by security level at all correctional facilities, the Department would be able to evaluate the investment in programs such as Project RESTART and Project CHANGE.

STREAMLINED SALES TAX
by George Towne, Legislative Analyst

In recent years, the popularity of the Internet has contributed to a significant increase in remote transactions, in which items are purchased from out-of-state sellers. This article discusses the impact electronic commerce is having on states' sales tax revenue, and proposals that have been made to address this development.

Background

Within the tax systems of most states, the sales tax is an important component. Forty-five states and the District of Columbia levy a sales tax on most retail purchases, and several of these states also allow local units of government to levy the tax. Reportedly, there are over 7,000 state and local taxing jurisdictions that levy a sales tax. Nationwide, the sales tax generates over one-third of total state and local government revenue.

What is commonly thought of as the sales tax includes both sales and use taxes. In a state that levies a sales tax, the tax applies to the vast majority of retail transactions (other than those specifically exempted) that occur in that state; however, if the state's residents purchase goods outside their state, then the use tax may apply. Each state that has a sales tax also has a similar use tax, which must be paid by buyers who use, consume, or store in-state items that were purchased out-of-state. The use tax is a necessary companion to the sales tax, because

without it residents could avoid much of the sales tax by making as many purchases as possible outside their state. Traditionally, states have required sellers (retailers) to collect sales tax on taxable sales and remit the tax to the states for transactions within an individual state's borders. Retailers must collect sales tax on a purchase whether the purchaser is a resident or a nonresident, if the purchaser takes possession of the product. In general, if products are shipped to nonresident purchasers, the seller is not required to collect sales tax, but the purchasers are required to pay the use tax in their home state.

This system is efficient for transactions involving products that must be registered, such as a car. If a Michigan resident buys a vehicle in Ohio, for example, he or she must pay the use tax on the purchase price when registering the vehicle in Michigan. The system does not work as well for other purchases. If the same Michigan resident orders a box of decorative, laminated buckeyes from Ohio, the Michigan Department of Treasury is not likely to have any record of the transaction, and thus will collect no use tax unless it is voluntarily remitted by the purchaser, or voluntarily collected and remitted by the seller. Historically, voluntary compliance with the use tax by individuals is extremely low because people are unaware that the tax exists or they ignore it. Voluntary compliance by remote sellers (businesses outside a state's borders) has likewise been rare.

Attempts by various states to require a remote seller to collect and remit use tax on merchandise sold to a state's residents have been restricted since 1967 by two key U.S. Supreme Court decisions. In 1967, the Court ruled that an Illinois statute requiring an out-of-state mail-order business to collect and pay use tax on goods purchased for use in Illinois violated the Due Process Clause of the U.S. Constitution and created an unconstitutional burden on interstate commerce (*National Bellas Hess, Inc.* v *Department of Revenue of Ill.*, 386 U.S. 753). In a subsequent use tax collection case, North Dakota filed an action in state court to require an out-of-state mail-order house to collect and pay use tax on goods purchased from it for use in North Dakota. The case eventually went to the U.S. Supreme Court, which affirmed its earlier ruling in *Bellas Hess*; held that, for a state to require a business to collect sales or use tax, the business must have a physical presence (nexus) in the state; and found that Congress could legislate a solution because it had the constitutional authority to regulate commerce among the states (*Quill Corp.* v *Heitkemp*, 504 U.S. 298 (1992)).

The Internet Challenge

Until the middle to late 1990s, individual purchases from remote sellers primarily were made through catalog sales. While the inability of states to collect use tax was troublesome, it was not critical to state budgets. In recent years, however, the growth of transactions made over the Internet has substantially increased the incidence of remote sales, and a further increase in remote sales via the Internet is widely considered likely. This means that, nationwide, the percentage of transactions subject to the sales tax (and mandatory tax collection) is decreasing, while the percentage of transactions subject to the use tax (dependent on voluntary remittance) is increasing.

There is concern among many of the 45 states (and the District of Columbia) that levy sales and use tax that the ever-increasing volume of purchases over the Internet and by mail order is seriously eroding sales and use tax revenue, and that this erosion will grow dramatically over time. Documents from the National Conference of State Legislatures (NCSL) state that business-to-consumer electronic-commerce sales amounted to $3 billion in 1997 and $45 billion in 2000, and are projected to total $140 billion by 2003. A widely reported study by the National Tax Association and the University of Tennessee projects that the 45 states with sales tax will forgo over $10 billion in uncollected tax on e-commerce transactions in 2003. In states that rely heavily on sales and use tax revenue, the combination of increased remote sales and a continuing inability to tax those sales presents a threat to those states' budgets. In Michigan, approximately 35% of total State tax revenue is from sales and use taxes, and 73% of sales tax revenue is dedicated to the State School Aid Fund.

Main Street and Congress

The states are not alone in their concerns regarding the evolution of sales and use taxes. "Bricks vs. clicks" has become a common phrase to describe the difference between "Main Street" merchants and Internet businesses. While the Main Street seller must collect sales tax on transactions, and therefore must include the tax in the final price, an Internet business with no physical presence in a state may send purchased goods to customers in the state without charging sales tax. The Main Street seller thus is considered to have a pricing disadvantage to remote sellers who offer similar products. Brick-and-mortar retailers worry that, over time, as more and greater remote sales take place, they will fall behind Internet sellers despite the shipping costs usually associated with Internet purchases.

Many have long believed that the problems states face because of remote sales will never be solved without Federal intervention. As mentioned above, the U.S. Supreme Court in *Quill* stated that Congress could legislate a nationwide solution because it has the authority to regulate commerce among the states. To date, Congress apparently has been reluctant to assist the states regarding taxation of remote sales, as proposals to address the issue have not been adopted. In 1998, Congress did pass the Internet Tax Freedom Act, which established a three-year moratorium on state taxes on Internet access and on multiple taxes on Internet transactions. (Contrary to some reports, the Act did not prohibit states from attempting to collect sales and use taxes on Internet purchases.) The moratorium was adopted, reportedly, to encourage the development and accessibility of the Internet and Internet-related businesses. The moratorium is scheduled to expire in October this year. Some members of Congress have introduced legislation not only to extend the moratorium, but also to prohibit the taxation of any Internet activity, including imposition of sales tax.

Response from the States

States dependent upon the sales tax as a principal revenue source view the recent developments with varying degrees of alarm. Many state officials have come to believe that the complexity of the sales tax systems is the key impediment to a solution; that is, if the current sales tax systems among the various states can be simplified so that remote sellers do not view the sales tax as a burden, perhaps those businesses will be agreeable to cooperating with the states, the Supreme Court will look more favorably on the taxation of remote sales, and Congress will be less likely to impose a nationwide solution that the states would find unsatisfactory. In response, in 2000, the NCSL, the National Governors' Association, the Multistate Tax Commission, the Federation of Tax Administrators, and state revenue officials began to develop model legislation to encourage states to enter into multistate discussions to develop and implement a uniform simplified sales and use tax agreement. The parties developed two similar versions of the model, the Streamlined Sales Tax Project and another NCSL model, that establish the framework for the creation of a multistate agreement.

Both of the models attempt to streamline and simplify the administration of sales and use taxes. Details of the models are far too extensive to describe in this article; however, the models would do the following:

- Provide for the voluntary registration of sellers, who would select a method for the collection and remittance of sales and use taxes.
- Allow sellers to contract with certified service providers for the collection and remittance of taxes; and establish qualifications for certification as a service provider.
- Provide for the use of an automated system that would calculate each jurisdiction's tax on a transaction; and establish requirements for certification of an automated system.
- Provide for consumer privacy.
- Establish uniform standards for the identification of taxing jurisdictions; the administration of exempt sales; and sales and use tax returns and remittances.

As of June 6 this year, the models had been introduced as legislation in 27 states. One or the other model has been signed into law in 12

states: Arkansas, Indiana, Kentucky, Louisiana, Maryland, Nebraska, Nevada, North Dakota, Oklahoma, Tennessee, Utah, and Wyoming. The Texas, Florida, and Illinois legislatures have adopted the NCSL model and sent the legislation to their governors. A model is expected to be adopted in several other states this year. In Michigan, the Senate has passed a proposal based on the NCSL model. Senate Bill 433 (S-4) is currently in the House Tax Policy Committee.

Further Issues

Despite movement toward a multistate streamlined sales tax agreement, many issues remain unresolved. Opposition to the taxation of remote sales remains strong from e-commerce businesses, and those who are philosophically opposed based on the belief that efforts to collect remote sales tax amount to new or additional taxation. It appears that Congress may be leaning toward further connecting the Internet tax moratorium to the remote sales issue. According to a June 14, 2001, report in *USA Today*, one proposal before in the U.S. Senate would extend the moratorium on new Internet taxes to 2006, but would give the states five years to develop a plan to simplify their sales tax systems. If Congress approved the plan, it would allow the taxation of Internet and mail order sales, but the plan would have to include uniform definitions of goods and services, as well as one national sales tax rate or one rate per state for Internet and mail order sales. Among the states with sales tax, there are numerous definitions of goods and services (which prescribe those transactions to which the tax applies). There also is a wide range of exemptions and partial exemptions, not only among the states but, in some states, among different local units. Further, there are numerous sales tax rates among the states, and in many states local units are allowed to charge rates that differ, or are in addition to, the state rate.

It is questionable whether the various taxing jurisdictions could agree on a single tax rate for remote sales, let alone agree to standard definitions and exemptions. The NCSL has gone on record as opposing any Congressional legislation that requires one sales tax rate per state for remote sales, stating that an agreement on one rate is unattainable in a dozen or more states. It remains to be seen whether enough states will be able to develop a workable streamlined sales tax system in which businesses will voluntarily participate, or whether this goal can be accomplished prior to unwanted Congressional mandates or absent acceptable Congressional participation.

(For detailed information about Senate Bill 433 (S-4), the proposal passed by the Michigan Senate, please see the Senate Fiscal Agency analysis at http://michiganlegislature.org. Additional background information may be found in a 1999 Senate Fiscal Agency issue paper, "Taxation of Electronic Commerce", available at http://www.senate.state.mi.us/sfa/. The documents also may be requested from the Senate Fiscal Agency.)

STATE AID TO PUBLIC LIBRARIES
by Bill Bowerman, Chief Analyst

The following provides a brief overview of State Aid to Public Libraries and a summary of the current statutory requirements for State Aid grants. Based on data from Michigan's public libraries, reported to the Library of Michigan for each of the libraries most recent fiscal year completed prior to October 1, 1999, State funding to libraries accounted for approximately 5.8% of the operating income for local libraries. This calculation includes separate line item grants to specific libraries and excludes State Aid paid directly to library cooperatives. Local income, consisting of property tax millage, appropriated tax revenue, penal fines, contract fees, and other local funds accounted for 93.7% of public library operating income.[1)] The State of Michigan has been providing funding to public libraries since 1937. A history of State Aid to Libraries from

[1)] Michigan Library Statistical Report, 2000 Edition.

fiscal year (FY) 1938-39 to FY 2001-02 is provided in Table 1.

In 1977, the State revised the method of distributing funds to public libraries and cooperative libraries. Public Act 89 of 1977 (the State Aid to Public Libraries Act) created five grant categories for State Aid, and repealed the former grant distributions contained in Public Act (PA) 286 of 1965.

The following is a brief summary of the five grants contained in the State Aid to Public Libraries Act:

1. **Public Libraries**
Section 16(2) of PA 89 of 1977 provides that public libraries that meet certain requirements are to receive a 50-cents-per-capita grant from the State Aid to Libraries appropriation. The Act defines "public library" as a library "which is lawfully established for free public

Table 1

STATE AID TO LIBRARIES FUNDING HISTORY

Fiscal Year	State Aid Payment	Percent Change	Fiscal Year	State Aid Payment	Percent Change
1938-39	$367,566	--	1970-71	$1,400,000	0.0
1939-40	0.0	(100.0)	1971-72	1,924,996	37.5
			1972-73	1,925,000	0.0
1940-41	0.0	0.0	1973-74	4,300,000	123.4
1941-42	243,625	--	1974-75	4,575,920	6.4
1942-43	243,420	(0.1)	1975-76	4,431,000	(3.2)
1943-44	292,312	20.1	1976-77	4,431,000	0.0
1944-45	293,328	0.3	1977-78	7,131,000	60.9
1945-46	362,569	23.6	1978-79	7,131,000	0.0
1946-47	363,015	0.1	1979-80	7,881,000	10.5
1947-48	363,246	0.1			
1948-49	363,547	0.1	1980-81	6,831,000	(13.3)
1949-50	361,983	(0.4)	1981-82	7,600,000	11.3
			1982-83	6,700,000	(11.8)
1950-51	361,925	0.0	1983-84	8,000,000	19.4
1951-52	362,057	0.0	1984-85	8,000,000	0
1952-53	361,960	0.0	1985-86	8,400,000	5.0
1953-54	304,003	(16.0)	1986-87	8,800,000	4.8
1954-55	303,444	(0.2)	1987-88	10,619,800	20.7
1955-56	309,740	2.1	1988-89	10,619,800	0.0
1956-57	327,722	5.8	1989-90	10,427,400	(1.8)
1957-58	386,869	18.0			
1958-59	380,178	(1.7)	1990-91	9,710,900	(6.9)
1959-60	373,069	(1.9)	1991-92	11,098,800	14.3
			1992-93	10,790,500	(2.8)
1960-61	367,789	(1.4)	1993-94	10,671,800	(1.1)
1961-62	378,469	2.9	1994-95	12,934,400	21.2
1962-63	385,014	1.7	1995-96	12,934,400	0.0
1963-64	390,760	1.5	1996-97	13,019,600	0.6
1964-65	492,754	26.1	1997-98	13,519,600	3.8
1965-66	620,000	25.8	1998-99	14,210,700	5.1
1966-67	999,999	61.3	1999-2000	14,327,453	0.8
1967-68	1,200,000	20.0	2000-01[a)]	14,289,200	(0.3)
1968-69	1,200,000	0.0	2001-02[b)]	14,063,700	(1.6)
1969-70	1,400,000	16.7			

[a)] Current estimate. The final county reimbursable payment for FY 2000-01 will be made in September 2001. [b)] FY 2001-02 Appropriation

Source: Library of Michigan

purposes by 1 or more counties, cities, townships, villages, school districts, or other local governments or a combination thereof, or by a public or local act, the entire interests of which belong to the general public." "Public library" does not include special libraries such as technical, professional, or school libraries. In order to receive State Aid, public libraries must meet certain requirements including maintaining local support of at least 3/10 of a mill on taxable value for the area served. The local support can include property tax millages, penal fines, or local general fund support. Public libraries also must keep minimum hours of operation and obtain certification of certain library personnel. In FY 1999-2000, 379 libraries were approved for funding from this grant.

2. **Public Libraries Belonging to Cooperative Libraries**
Section 16(4) of PA 89 of 1977 provides that a public library belonging to a cooperative library is to receive an additional 50 cents per capita to pay for cooperative services. After the cost of cooperative services has been paid, any remaining portion of the grant may be used for local services. In FY 1999-2000, 378 libraries were approved for funding from this grant.

3. **Cooperative Library Grants**
Section 13 of PA 89 of 1977 provides for a 50-cents-per-capita grant from State Aid to cooperative libraries. The Act defines "cooperative library" as the library or service center designated by the cooperative board to perform services established by the cooperative plan and provided to public libraries in the cooperative. Services may include: a central pool or rotating book collection, in-service training, book selection aids, bibliographic services, audio visual services, bookmobile service, public relations, printing, centralized purchasing, centralized cataloging, reference services, and delivery service. In FY 1999-2000, 14 cooperative libraries received funding from this grant.

4. **Cooperative Library Density Grants**
Section 16(4) of PA 89 of 1977 requires that each legally approved public library cooperative receive $10 per square mile for the area that it serves, if the area served has fewer than 75 people per square mile. In FY 1999-2000, five library cooperatives qualified for funding from this grant.

5. **County Salary Grants**
Section 16(5) of PA 89 of 1977 requires that a county library that serves a population of 50,000 or less be reimbursed for a portion of a head librarian's salary not to exceed $4,800 annually. The head librarian must have a bachelor of arts or a bachelor of science degree, one full year of training in a library school accredited by the American Library Association, and four years' experience in an administrative capacity in an approved library. In FY 1999-2000, 13 county libraries qualified for this reimbursement.

From FY 1976-77 through FY 2000-01 the appropriation for State Aid to Public Libraries increased from $4,431,000 to $14,350,700. However, prior to FY 1999-2000 the appropriation was not sufficient to fully fund grants as outlined in PA 89 of 1977. Therefore, grants were prorated based on the appropriation. While the appropriation for FY 2000-01 is sufficient to continue full funding pursuant to the Act, due to budget constraints the appropriation for FY 2001-02 has been reduced by $287,000 (2.0%), from $14,350,700 to $14,063,700. The 2000 census also will have an impact on State Aid to Libraries in FY 2001-02. Michigan's population increased by 643,147 between 1990 and 2000, from 9,295,297 to 9,938,444. This increase in population will increase per capita grants approximately $964,720 in FY 2001-02. The census and the reduced appropriation will result in the proration of State Aid payments again. Based on the appropriation, the rate for per capita payments will be reduced to approximately 46.0 cents.

Table 2 provides a 10-year history of the State Aid to Public Libraries appropriation pursuant to Public Act 89 of 1977.

Table 2

STATE AID TO PUBLIC LIBRARIES
PURSUANT TO PUBLIC ACT 89 OF 1977
10-YEAR HISTORY

	Per Capita Grants				Library Cooperative Density Grant		County Reimbursable Salaries	
Year	Minimum Requirements	Cooperative Membership	Library Cooperative	Per Capita Rate	Amount	Sq. Miles Rate	Amount	Grant per Librarian
1990-91	$3,152,061	$3,116,908	$3,175,520	$0.341	$211,562	$6.83	$54,850	$3,341
1991-92	$3,606,665	$3,564,887	$3,634,133	$0.389	$241,746	$7.78	$51,368	$3,861
1992-93	$3,506,686	$3,468,326	$3,538,896	$0.379	$235,276	$7.58	$41,317	$3,641
1993-94	$3,455,690	$3,420,588	$3,527,949	$0.378	$227,376	$7.56	$40,197	$3,745
1994-95	$4,179,492	$4,175,885	$4,252,573	$0.456	$274,298	$9.12	$52,151	$4,329
1995-96	$4,179,931	$4,175,874	$4,245,454	$0.455	$275,015	$9.10	$58,126	$4,436
1996-97	$4,207,230	$4,202,754	$4,276,604	$0.458	$276,921	$9.17	$56,091	$4,399
1997-98	$4,360,899	$4,356,368	$4,456,074	$0.478	$288,573	$9.55	$57,686	$4,584
1998-99	$4,618,769	$4,564,786	$4,660,961	$0.499	$301,384	$9.99	$64,800	$4,800
1999-2000	$4,652,645	$4,650,830	$4,660,690	$0.500	$300,889	$10.00	$62,400	$4,800

Source: Library of Michigan